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Message Text

SECRET

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43
ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 PM-04 INR-07 L-03 ACDA-07

NSAE-00 PA-01 SS-15 PRS-01 SP-02 USIA-06 TRSE-00

SAJ-01 NSC-05 /065 W
---------- 023953
R 201745Z OCT 76
FM AMEMBASSY COPENHAGEN
TO SECSTATE WASDHDC 3454
INFO USMISSION NATO
SECDEF WASHDC
USNMR SHAPE BELGIUM
DIA WASHDC (DB-3B1)

S E C R E T COPENHAGEN 3535

EO 11652: GDS
TAGS: NATO, MILI, MARR, DA
SUBJ: EUROPEAN DEFENSE SPENDING TRENDS; MIN DEF OPTIMISTIC ON
NEW DENMARK DEFENSE AGREEMENT

REFS: A. SECDEF MSG 4387, DTG 132113Z OCT 76
B. USNATO MSG 5463, DTG 081702Z OCT 76

SUMMARY: DEFENSE MINISTER MOLLER IS STILL CONFIDENT THAT
A DEFENSE AGREEMENT WILL BE CONCLUDED SHORTLY FOR A
PERIOD OF SIX YEARS AND PRIVATELY, SURPRISINGLY, PREDICTS
AN AVERAGE REAL INCREASE IN DEFENSE SPENDING OVER THE
PERIOD OF THREE PERCENT ANNUALLY. END SUMMARY

1. ON OCTOBER 15, MY ARMY ATTACHE CALLED ON DEFENSE
MINISTERMOLLER TO DELIVER SECRETARY RUMSFELD'S LETTER
OF OCTOBER 11, 1976. MOLLER, WHO HAD JUST RETURNED
FROM OBSERVING THE U.S. MARINE AMPHIBIOUS EXERCISE
"BONDED ITEM" ON THE WEST COAST OF JUTLAND, REMAINS
OPTIMISTIC THAT NEGOTIATIONS ON A NEW SIX-YEAR DEFENSE
AGREEMENT WILL BE CONCLUDED SHORTLY. HE ALSO TOLD
ARMA THAT THE NEW AGREEMENT WILL CALL FOR AN AVERAGE
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ANNUAL THREE PERCENT INCREASE IN DEFENSE SPENDING IN

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REAL TERMS OVER THE SIX-YEAR PERIOD.

2. MINISTER MOLLER ADVISED US NOT TO PAY ANY ATTENTION TO THE RECENT CONTROVESY VENTILATED IN THE DANISH PRESS OVER WHETHER OR NOT THE CONSCRIPT PAY INCREASES, FINANCED FROM SOURCES OUTSIDE THE DEFENSE BUDGET, SHOULD BE INCLUDED IN "DEFENSE EXPENDITURES" FOR NATO STATISTICAL COMPARISON PURPOSES. HE SAID THAT THE PLACEMENT OF THE FUNDS FOR THE PAY INCREASES OUTSIDE OF THE DEFENSE BUDGET ITSELF WAS AN INTERNAL POLITICAL EXERCISE TO PACIFY THE RADICALS AND SOME OF HIS OWN SOCIAL DEMOCRATS. HE KNOWS NATO STATISTICIANS ALREADY INCLUDE THE CONSCRIPT PAY RAISE WHEN CALCULATING ACTUAL DANISH DEFENSE EXPENDITURES.

3. COMMENT. IN REACHING HIS AVERAGE ANNUAL REAL INCREASE OF 3 PERCENT MOLLER IS OBVIOUSLY AND UNDERSTANDABLY INCLUDING THE CONSCRIPT PAY INCREASE. ACCORDING TO ARMA CALCULATIONS, IN ORDER TO ACHIEVE A 3 PERCENT ANNUAL AVERAGE INCREASE, OVERALL DEFENSE EXPENDITURES DURING THE LAST THREE YEARS OF A NEW AGREEMENT WOULD HAVE TO AMOUNT TO 6 PLUS PERCENT ANNUALLY.

4. MOLLER'S SPENDING PREDICTIONS ARE SURPSINGLY ON THE HIGH SIDE AND MAY BE ONLY PUFFERY. IF THEY EVENTUATE, WE WILL HAVE LITTLE ABOUT WHICH TO COMPALIN.
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Draft Date: 20 OCT 1976
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